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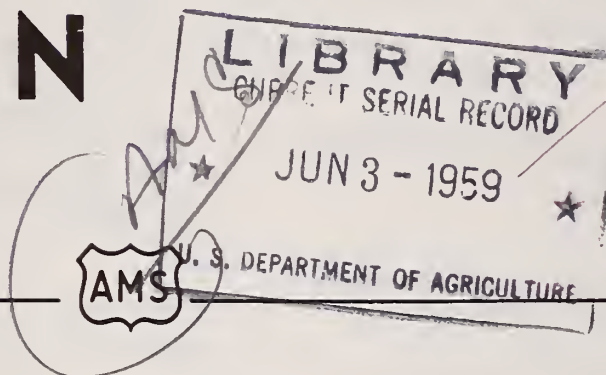
March 1959

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DEMAND and PRICE SITUATION

DPS-51



Approved by the Outlook and Situation Board, March 23, 1959

SUMMARY

Farmers' planting intentions for 16 spring seeded crops indicate that total acreage for these crops will be 1.4 percent above 1958. Total acreage for all crops may be up about 8-1/2 million or 2-1/2 percent above 1958. Most of the increase is due to the termination of the Acreage Reserve of the Soil Bank. Weather and other growing conditions will be the major determining factors in the out-turn of 1959 crops. If weather is average the somewhat larger acreage could result in crop output close to the record 1958 level. The first official estimate of total crop production will be released in the July Crop Report.

Total feed grain production, assuming 1954-58 average yields, would be 142 million tons, 10 percent below last year's record but about equal to the previous high in 1957. Spring wheat planting intentions, assuming about 1956-58 average yields, together with the prospective winter wheat crop would result in a total production for 1959 of 1,210 million bushels compared with last year's record of 1,462 million. Cotton farmers this year have a national allotment of about 17.3 million acres. Under the option provided

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AGRICULTURAL MARKETING SERVICE
UNITED STATES DEPARTMENT OF AGRICULTURE

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1958				1959	
		Year	Feb.	Nov.	Dec.	Jan.	Feb.
Industrial production: Seasonally adj. <u>1/</u>							
Total	1947-49=100	134	130	141	142	143	144
All manufactures	do.	136	131	143	144	145	146
Durable goods	do.	142	137	151	152	153	155
Nondurable goods	do.	130	125	135	135	137	138
Minerals	do.	117	118	123	123	123	124
Construction:							
Total outlays, seasonally adjusted <u>2/</u>	Mil. dol.	48,980	4,004	4,378	4,473	4,549	4,537
Public construction	Mil. dol.	15,033	1,208	1,363	1,424	1,444	1,417
Private residential	Mil. dol.	17,884	1,435	1,682	1,715	1,787	1,817
Housing starts	Thousands	1,209	915	1,427	1,430	1,350	1,320
Manufacturers' sales and inventories: <u>2/</u>							
Total sales, seasonally adjusted	Mil. dol.	26,241	25,542	27,467	28,135	28,214	
Durable goods	Mil. dol.	12,400	12,038	13,295	13,613	13,686	
Unfilled orders-sales ratio <u>6/</u>		3.57	3.77	3.30	3.23	3.26	
Inventory-sales ratio <u>6/</u>		1.93	2.05	1.79	1.75	1.75	
Durable goods		2.32	2.51	2.10	2.05	2.05	
Employment and wages: <u>7/</u>							
Total civilian employment	Millions	64.0	62.0	64.7	64.0	62.7	62.7
Nonagricultural	do.	58.1	57.2	59.0	59.1	58.0	58.0
Unemployment	do.	4.7	5.2	3.8	4.1	4.7	4.7
Workweek in manufacturing	Hours	39.3	38.4	39.9	40.3	39.9	39.8
Hourly earnings in manufacturing	Dollars	2.13	2.10	2.17	2.19	2.19	2.19
Income and spending:							
Personal income payments <u>2/ 3/</u>	Bil. dol.	354.4	347.5	360.7	359.9	363.0	359.9
Consumer credit outstanding <u>1/</u>	Mil. dol.	45,065	43,017	43,464	45,065	44,415	
Automobile	Mil. dol.	14,131	15,030	14,061	14,131	14,155	
Total retail sales, seasonally adj. <u>2/</u>	Mil. dol.	16,682	16,089	16,961	17,605	17,453	17,542
Durable goods	Mil. dol.	5,284	5,055	5,521	5,827	5,827	5,836
Inventory-sales ratio <u>6/</u>		1.44	1.51	1.39	1.36	1.38	
Prices:							
Wholesale prices, all commodities <u>4/</u>	1947-49=100	119	119	119	119	120	120
Commodities other than farm and food	do.	126	126	127	127	128	128
Farm products	do.	95	96	92	91	92	91
Foods processed	do.	111	110	110	109	109	108
Consumer price index, all items <u>4/</u>	1947-49=100	124	122	124	124	124	
Food	do.	120	119	119	119	119	
Prices received by farmers <u>8/</u>	1910-14=100	250	246	247	244	244	243
Crops	do.	224	219	217	213	215	218
Livestock and products	do.	272	269	272	269	270	265
Prices paid, interest, taxes and wage rates <u>8/</u>	1910-14=100	293	291	294	295	298	297
Family living items	do.	287	286	288	287	288	288
Production items	do.	264	260	263	265	268	267
Parity ratio <u>8/</u>		85	85	84	83	82	82
Farm income and marketings: <u>8/</u>							
Volume of farm marketings	1947-49=100	123	97	156	139	127	104
Cash receipts from farm marketings	Mil. dol.	33,206	2,144	3,478	3,034	2,862	2,300

Annual data for most of these items for the years 1929 and 1939-57 appear on page 35 of the April 1958 issue of The Demand and Price Situation.

1/ Federal Reserve Board. 2/ U. S. Department of Commerce. 3/ Seasonally adjusted annual rates.
4/ U. S. Department of Labor, Bureau of Labor Statistics. 5/ Unfilled orders for durables divided by monthly deliveries. 6/ Inventories, book value, end of month, divided by sales. 7/ Bureau of the Census. 8/ U. S. Department of Agriculture, Agricultural Marketing Service.

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 T H E D E M A N D A N D P R I C E S I T U A T I O N
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Approved by the Outlook and Situation Board, March 23, 1959

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for by the Agricultural Act of 1958 they have elected to increase the original allotment of 16.3 millions by about 1 million acres. But 571 thousand acres have been placed in the Conservation Reserve of the Soil Bank. Last year the allotment was 17.6 million acres but nearly 5 million acres were placed in the Acreage Reserve of the Soil Bank.

Prices received by farmers have been relatively stable in recent months. For the first 2 months of 1959, farm prices averaged about the same as a year earlier, but cash receipts from farm marketings were up about 4 percent because of increased volume of marketings. Receipts of all livestock and products were about the same as a year earlier, but those of crops were up 8 percent reflecting larger marketings. Prices paid by farmers in mid-February were 1 point below the record January level, and were 2 percent above a year earlier. The parity ratio of 82 in February was the same as January but 3 points below a year earlier.

Economic activity has continued to climb in the first quarter. Consumer incomes reached a new high in February and retail sales have continued close to the record December level. Industrial production increased but unemployment in February at 6 percent of the civilian labor force, seasonally adjusted, was about the same percentage as in December and January.

Consumers are more optimistic in early 1959 than last year concerning their own and the country's economic prospects, according to a survey conducted in January and February by the University of Michigan and the Federal Reserve Board. A marked pickup in planned purchases of houses was indicated

by the survey but the proportion of consumers planning to buy new cars and other durable goods was up only slightly. Capital spending by businessmen, which declined sharply in 1957 and 1958, is expected to increase moderately in 1959, according to a survey conducted between late January and early March 1959 by the Securities and Exchange Commission and the Department of Commerce.

Commodity Highlights

Fed cattle prices are expected to be relatively stable for several months, but will probably rise seasonally during mid-summer. Hog prices probably will hold near early March levels for several weeks before beginning a late spring rise; prices will be well below 1958 throughout the year. Lamb prices may be close to those of last spring, after an expected increase to a seasonal high.

Average prices to farmers for dairy products in 1959 will be at least equal to those last year. Prices of milk and butterfat will be supported at the same dollars and cents levels as this year in the marketing year beginning April 1, 1959.

Prices of eggs will continue below 1958 levels for some months because of larger present and prospective egg supplies. Hatchings of turkeys have been in excess of farmers' January intentions to raise 5 percent more birds, and production in 1959 is likely to reach a record.

Farm prices of soybeans rose from a low of \$1.89 per bushel in October 1958 to \$2.05 in February 1959. Present prospects indicate a rise to around the loan level of \$2.09 per bushel this spring.

Through February 1959 much larger quantities of oats and corn but smaller amounts of barley and sorghums were placed under price support than in the comparable period a year earlier.

Carryover of wheat on July 1, 1959 probably will be about 1,280 million bushels. Estimated supplies for 1958-59 total about 2,352 million bushels, with domestic disappearance and exports probably about 620 million bushels and 450 million bushels, respectively.

Supplies of dry edible beans are somewhat greater than a year ago, and prices during the next few months are likely to remain below the level of a year ago.

In January 1959 the average weekly rate of domestic mill consumption of wool was 25 percent above the December 1958 rate and 40 percent above that of January 1958.

The March 1 report on prospective acreage of tobacco for 1959 indicates that acreage for most types will be higher than in 1958, mainly because of the termination of the Acreage Reserve Program.

PLANTING INTENTIONS AND CROP YIELDS

The planting intentions report released March 18 by the Crop Reporting Board was the first indication of 1959 crop acreage. Increased acreages are expected for corn, barley, wheat, rice and tobacco. Intentions for planting soybeans, sorghum and cutting farm hay are lower than 1958. For the 16 crops for which planting intentions reports are available, acreage will total about 1.4 percent above 1958, and total acreage for all crops now looks to be about 339 million acres, up 2.5 percent. With increased acreage and assuming average weather, crop production in 1959 could approach last year's record.

Total feed grain acreage will be up about 5 percent. Farmers intend to plant about 84 million acres of corn, up 12 percent from 1958. Plantings of barley will be up about 5 percent but oats and sorghum are down 6 and 3 percent, respectively. Feed grain production, based on the 1954-58 average yields, would be 142 million tons, down about 10 percent from last year's record but about equal to the previous peak production in 1957.

Seeding of spring wheat of 13.4 million acres is up 9 percent from last year but still more than a fourth below the 1948-57 average. Assuming about 1956-58 average yields, a spring wheat crop of 253 million bushels would be produced. With a 957 million bushel winter wheat crop forecast on the basis of December 1, 1958 conditions, total wheat production would be 1,210 million bushels compared with the record 1,462 million bushels in 1958.

Table 1.--Planted acreage of selected crops, U. S., 1948-1959

Commodity	Average 1948-57	1958	1959 Intentions
	Millions	Millions	Millions
Feed grains	156.2	150.5	157.5
Corn	81.8	74.7	83.9
Oats	44.0	38.4	36.0
Barley	12.9	16.3	17.1
Grain sorghums	17.5	21.2	20.4
:	:	:	:
Hay	74.1	73.0	70.5
Wheat	70.1	56.4	58.5 ^{1/}
Rice	1.9	1.4	1.6
:	:	:	:
Tobacco	1.6	1.1	1.2
:	:	:	:
Flaxseed	5.0	4.0	3.7
Soybeans	16.8	24.9	23.2
Peanuts	2.3	1.8	1.7
:	:	:	:
Potatoes	1.6	1.5	1.4
:	:	:	:

^{1/} Includes winter wheat acreage estimated as of December 1, 1958.
Agricultural Marketing Service.

The rise in production per acre in the postwar period reflects improved technology, including management efficiencies, greater application of fertilizer and increased mechanization. Better than average weather in 1958 contributed to the 13 percent gain in total crop production per acre over 1957. Crop yields per harvested acre for 28 crops in 1958 were up 38 percent from the 1949-53 average and 15 percent above the 1954-58 average. Table 2 shows the persistent uptrend in yields for the individual crops in the last 10 years.

Table 2.--Crop yields per acre harvested, selected crops, U. S., 1949-58

Item	Unit	Average 1949-53	Average 1954-58	1958
Yield per acre (28 crops)	:1947-49=100:	104.0	124.3	143.1
Corn	: Bushels	38.4	44.6	51.7
Feed grains	: Pounds	1,740	1,958	2,303
Wheat	: Bushels	16.5	21.4	27.3
Cotton	: Pounds	284.9	404.8	469.0
Tobacco	: do.	1,265	1,504	1,626
Soybeans	: Bushels	20.7	21.9	24.2
Potatoes	: Cwt.	147.4	165.2	180.0

Crop Production, 1958 Annual Summary.

GENERAL BUSINESS ACTIVITY

Gross national product increased at a seasonally adjusted annual rate of 25.9 billion dollars from the recession low in the first quarter of 1958 to the record level in the fourth quarter and apparently continued to rise in the first quarter of 1959. Consumer spending accounted for 9.7 billion dollars of this increase and is still moving upward. Personal income rose at an annual rate of 1.5 billion dollars during February after seasonal adjustment and was 17 billion dollars above February last year. Retail sales are now well above pre-recession levels. Retail trade in January continued at the exceptionally good Christmas volume reached in December and February figures showed a small gain.

Consumers More Optimistic Than Last Year

Consumers were more optimistic in early 1959 than at the same time last year about their earning prospects and about business conditions according to the recent 1959 Survey of Consumer Finances conducted by the Federal Reserve Board and the Survey Research Center of the University of Michigan. This survey was taken in January and February. It provides information on consumers' financial positions, their views about their own and the country's economic prospects, and their plans for purchasing durable goods and houses during 1959.

More than 40 persons out of every 100 interviewed expected their earnings rates to be better this year, a slightly higher percentage than a year ago. Three-fifths also expect retail prices to rise during the year; less than one in 10 expect them to decline.

The Survey indicated a marked gain over early 1958 in intentions to purchase houses this year and in plans to make improvements and repairs on existing housing. About $9\frac{1}{2}$ percent of those interviewed reported plans to buy a house this year compared with $7\frac{1}{2}$ percent in early 1958. Around $24\frac{1}{2}$ percent plan to make improvement and maintenance expenditures; 22 percent planned to do so a year ago.

Consumers intended to buy only slightly more of other goods than a year ago despite their improved economic position and prospects for the future. The proportion of those interviewed who planned to purchase new cars increased slightly from last year's low level but was still below the levels of the four preceding years. Somewhat fewer intended to buy used cars.

Consumer Prices Remain Stable

The consumer price index has been virtually unchanged since last June as declining food prices have offset rising costs to consumers elsewhere, notably for services. The consumer food price index in January was 2 percent below June. The indexes of rent and medical care costs were up 1 percent and $2\frac{1}{2}$ percent, respectively, continuing their steady long-term upward trend; the transportation index, which began to rise sharply last summer, has declined for the past 2 months but in January was 4 percent above June.

Table 3.--Consumer plans to purchase houses and durable goods 1/
(Percentage of spending units planning purchase)

Item	Early 1956	Early 1957	Early 1958	Early 1959 <u>2/</u>
Houses <u>3/</u>	9.4	8.7	7.5	9.3
Home improvement and maintenance <u>3/</u> <u>4/</u>	22.2	23.4	22.1	24.6
New automobiles	8.4	8.5	6.9	7.6
Used automobiles	7.2	8.4	10.4	9.8
Furniture and major household appliances	28.0	29.4	28.2	27.8

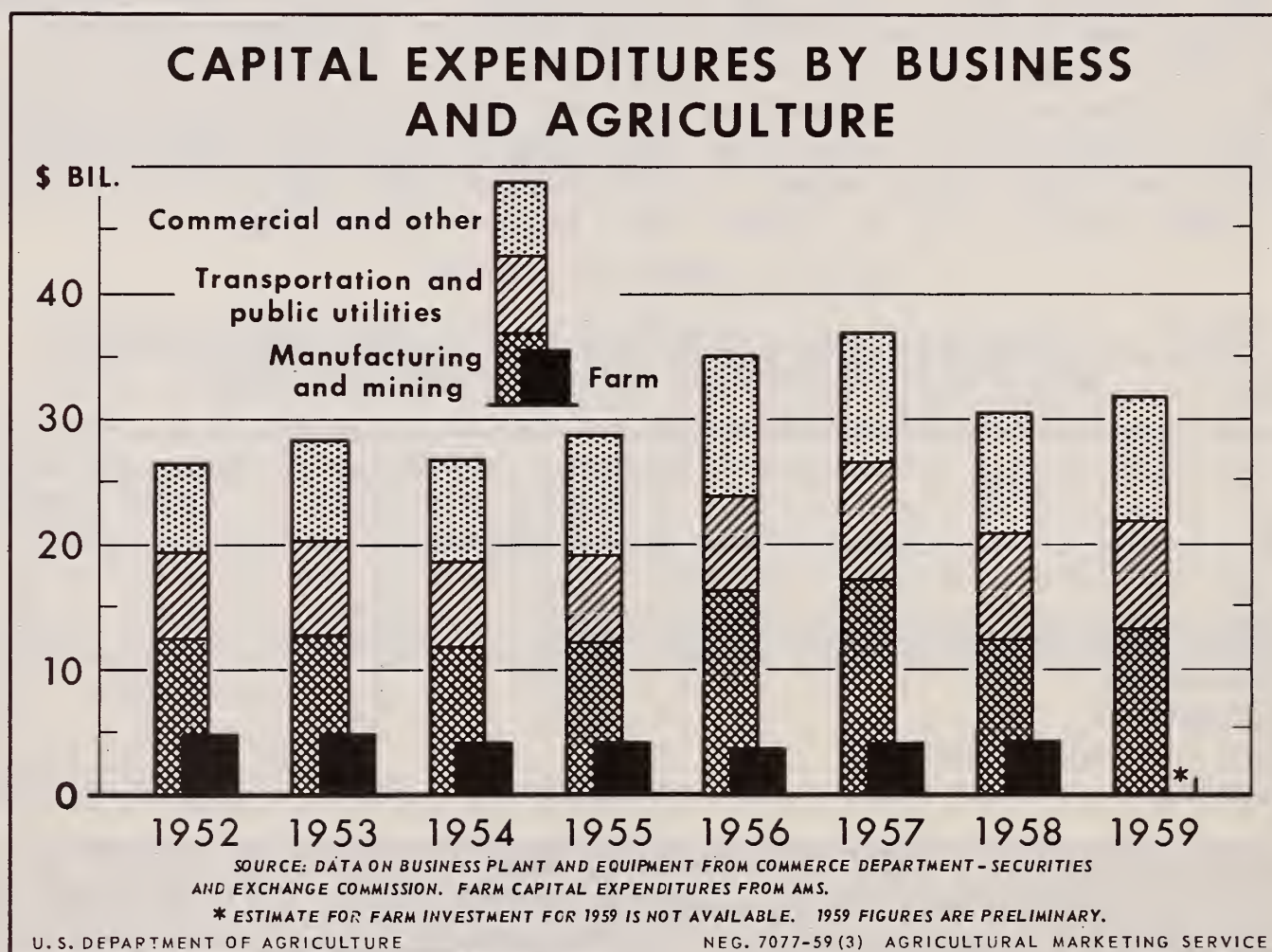
1/ Includes spending units that reported they would, probably would or possibly would buy or that had already bought in survey year. 2/ Preliminary data for early 1959 are based on the first 2,550 spending units interviewed and have not been adjusted for nonresponse. Adjustments and data for nonresponse will be made in subsequent tabulations based on the complete sample. Data for 1958 and previous years are based on complete surveys. 3/ Includes only nonfarm spending units. 4/ Includes only those planning an expenditure of \$50 or more.

Federal Reserve Board.

The index of prices paid by farmers for family living in February was unchanged from the January peak of 288 (1910-14=100). Prices of autos and auto supplies were lower but these declines were offset by increases in prices of clothing, building materials and household furnishings. The index was about 1 percent higher than in February a year earlier.

Capital Spending
to Rise Moderately in 1959

Fixed investment spending is expected to rise moderately during the first two quarters of 1959 to a seasonally adjusted annual rate of 32 billion dollars in April-June 1959, up 8 percent from the low last summer of 29.6 billion dollars. According to the most recent survey of businessmen's plant and equipment spending plans conducted by the Securities and Exchange Commission and Department of Commerce, outlays in 1959 will total 31.8 billion dollars, up 1.3 billion from 1958 but still substantially below the 1957 record of 37 billion dollars. The implied level of capital spending during the last half of 1959 would be at about the same rate as in April-June.



Among the industry groups, manufacturers' plan to increase their spending from an annual rate of 10.6 billion dollars in October-December 1958 to 12.2 billion dollars in April-June 1959. The increases are spread about equally between durable and nondurable goods industries. Spending by railroads which declined from 1.5 billion dollars in July-September 1957 to .6 in July-September 1958 is scheduled to increase to .9 by mid-1959. More moderate gains are planned for other transportation, with small changes in prospect for public utilities and "commercial and other" firms.

Industrial Production

Up in February

The Federal Reserve Board's index of industrial production rose to 144 (1947-49=100) in February, up 14 percent from last April and 11 percent from a year earlier. Increased output of durable goods, particularly steel (in anticipation of a strike), was responsible for the gain between January and February. Output of nondurable goods at 138 (1947-49=100) was 10 percent above a year earlier, but changes in recent months have been small.

Steel production has been increasing rapidly since early February and by mid-March had advanced to a new peak of 2,631,000 net tons per week. Mills were producing at 93 percent of January 1 capacity in the second week of March, the highest percentage since the fall of 1956 and remained at that level in the following week. The previous record weekly output was 2,525,000 tons, set in December 1956. Steel output slipped to a low weekly rate of less than 1.3 million tons at the bottom of the recession last April. Construction activity and production of fabricated metal products, machinery and transportation equipment turned around in that month and the demand for steel has been rising since. The recent spurt in steel production is attributable to a stepped up demand for stock-building purposes by users of steel of all types. This probably resulted from expectations of a strike when employment contracts in the steel industry expire next June 30. If a stoppage does not materialize, production of steel may be cut sharply next summer in order to work stocks down to more normal levels in relation to sales.

Domestic automobile output is currently running close to the high rate of the late fall of 1957. The auto industry turned out 539,541 new cars in January. In February, with two less working days, 484,789 new cars were produced, according to a preliminary estimate. Auto output is expected to taper off after this month for the rest of this production year. Stocks of new cars were close to 750,000 on March 1 and by April 1 they will probably be in the vicinity of 800,000. From then until plants begin shutting down for re-tooling operations this summer, manufacturers plan to gear production closely to current sales. New car sales have been rising since last summer and have accounted for the largest part of the recovery in consumer purchases. Dealers sold 428,000 units in January and 405,000 in February.

Further Inventory Accumulation in January

The book value of inventories rose during November, December and January after declining in each of the 13 preceding months. This reversal occurred at both the manufacturing and retail levels. Wholesalers, who hold a relatively small part of goods in the flow from factories to consumers, have maintained their stocks at a relatively stable level since last spring. All holdings of inventories in January totaled 85.5 billion dollars compared with 90 billion in January last year. Manufacturers' stocks totaled 49.5 billion dollars in January, down 3.4 billion dollars from January last year. Manufacturers' deliveries, on the other hand, have risen 1.8 billion dollars since then. Consequently, the stock-sales ratio declined from 2.0 to 1.75. Stocks held by retailers in January were valued at 24.1 billion dollars while their sales totaled 17.5 billion dollars. Their stock-sales ratio was 1.4. These figures compare with stocks of 24.5 billion dollars, sales of 16.7 billion dollars and a stock-sales ratio of 1.5 a year earlier. Thus, the inventory accumulation of recent months has not kept pace with the increase in sales volume.

Construction Outlays Continue at High Levels

Construction activity in February continued to be significantly above a year ago. Expenditures for new construction totaled 4.5 billion dollars, seasonally adjusted, 12.5 percent higher than in February 1958. The increase reflects sharp gains in both private and public outlays, each rising over 11 percent. Private spending for new nonfarm residential construction in February 1959, totaling 1.8 billion dollars, seasonally adjusted, was 382 million dollars greater than last year. This increase more than offset the 85 million dollar drop in expenditures for private industrial plants and 5 million dollar drop in farm construction outlays.

Private nonfarm housing starts in February were at a seasonally adjusted annual rate of 1,320,000, dipping for the second consecutive month from the 1958 high of 1,430,000 starts in December 1958. January private starts were 1,350,000. However, February 1959 nonfarm residential housing starts were 44 percent above the 915,000 seasonally adjusted annual rate of a year ago, with the increase shown in both Government insured or guaranteed mortgages and conventionally financed housing.

Employment Up Slightly From a Year Ago

In early 1959, civilian employment has averaged about 62.7 million, about 600,000 above the same period in 1958. Changes in all groups of non-agricultural industries were small. Average hours have edged downward this year after increasing in the last half of 1958. Average hours for persons at work in nonagricultural industries (Census) were 39.7 in February, down from 40.4 in December but up from the 39.4 level a year earlier. Average weekly hours of factory workers also declined between December and February.

Manufacturing employment has been recovering slowly from the recession low of a little more than 15 million persons last May. In February the number on manufacturing payrolls reached 15.7 million, slightly above February 1958 but still well below the more than 16 million employed in late 1956.

The Agricultural Marketing Service reported that farm employment in the latter part of February was about equal to a year earlier. The number of hired workers increased about 15 percent over the January low and was 5 percent over the February 1958 level, about the same as in February 1956 and 1957, but well below earlier years. There were 6 percent more family workers reported than in January but slightly fewer than in February last year and nearly a tenth fewer than the February average for the past 5 years.

Unemployment since December has been about 6 percent of the civilian labor force (after seasonal adjustment) compared with the peak of $7\frac{1}{2}$ percent last August. The number of unemployed averaged a little more than 4.7 million in January-February 1959, down around 100,000 from the same period of 1958.

FARM PRICES AND INCOMES

Overall changes in farm product prices in early 1959 have been small. The index of prices received in mid-February at 243 was down a point from the December-January level. Most of the declines this winter have been in livestock and products. The livestock and products index, at 265 (1910-14=100) was down about 2 percent in the past month, reflecting declines in prices of hogs, milk and eggs. Crop prices have increased in recent months and the index at 218 (1910-14=100) was up $2\frac{1}{3}$ percent from December, mainly reflecting increases in prices of vegetables and oil-bearing crops, which were up around 3 percent and the fruit index which was up about 4 percent.

Cash receipts from farm marketings in the first two months of 1959 were approximately 5.1 billion dollars, up about 4 percent from last year. Prices averaged about the same as a year ago, but the volume of marketings was a little larger. Receipts from livestock and products were 2.9 billion dollars, about the same as last year. Meat animal receipts were up a little because of higher prices for cattle and calves, which offset the effect of slightly lower hog prices. But dairy products were down slightly because of lower prices of milk. Crop receipts of 2.2 billion dollars were 8 percent higher than a year ago. Marketings of wheat were up substantially, reflecting the relatively large production of 1958. Marketings and prices contributed to large increases in cash receipts from corn, oranges, and tobacco. These gains were partly offset by a reduction in marketings of sorghum grain and cotton. Marketings of these two commodities were large in early 1958 because of unusually large carryovers from the 1957 crops.

Farmers received approximately 2.3 billion dollars from marketings in February, 2 percent more than in the corresponding month of 1958. Prices averaged slightly lower but marketings were larger. Receipts from livestock and products are estimated at 1.4 billion dollars, crop receipts at 0.9 billion.

AGRICULTURAL EXPORTS UNDER GOVERNMENT PROGRAMS

Exports of United States agricultural products totaled \$3.9 billion in calendar year 1958. Approximately 37 percent were shipped under Public Law 480, Mutual Security, CCC Credit Sales, and Export-Import Bank programs. In addition, the CCC sold commodities to private traders for export at competitive world market prices which were below the prevailing domestic market prices. ^{1/}

General Commodity Export Program

The disposal of surplus farm commodities not otherwise provided by specific legislation is authorized under Section 5 of the CCC's charter. Upon proof of exportation, exporters are issued payment-in-kind certificates, redeemable for commodity stocks held by the CCC. New payment-in-kind programs were put into effect in 1958 for 7 agricultural commodities: corn, barley, oats, rye, grain sorghums, rice and cotton. Wheat has been exported under this type of program since 1956. The payments-in-kind are subsidies, which make up the difference between the competitive world price and the domestic market price. Payments for grain exports are made to exporters from CCC-owned stocks of any one of the feed grains, rough rice, and wheat. For cotton exports, the difference is paid only in cotton. This system is designed to reduce the flow of commodities into CCC's inventory by encouraging purchases for export from commercial holdings. The cost value to CCC of payments-in-kind under this general commodity export program totaled 138.6 million dollars in 1958.

In addition, the CCC makes equalization payments to domestic textile mills, which sell abroad, in order to compensate for the difference between the cost to them of U. S. cotton purchased in the domestic market and lower-priced U. S. cotton available to foreign producers under CCC export programs. These payments totaled 15 million dollars in 1958.

Special Export Programs .

Although legislation providing for the sale of surplus agricultural commodities dates back to the period immediately before World War II, the first special export program was Section 550 of the Mutual Security Act of 1953--which authorized sales for foreign currencies. This program has been continued and expanded under Section 402 of the Mutual Security Act of 1954. The enactment of Public Law 480 in 1954 provided an additional mechanism for the disposal of surplus agricultural commodities. In the last several years,

^{1/} In fiscal year 1957-58 about \$2.4 billion of the \$4.0 billion total value of agricultural exports was Government assisted. In addition to \$1.2 billion reported under Public Law 480 and Mutual Security, approximately \$1.2 billion commodities was exported under CCC export sales programs at less than the U. S. market price, primarily cotton, wheat, feed grains, butter and cheese.

agricultural exports shipped under P. L. 480 have constituted the largest proportion of exports moving under the special programs. In 1956 the Commodity Credit Corporation established a credit sales program to finance U. S. agricultural exports. In addition, the Export-Import Bank makes loans to finance the export of surplus farm products.

Sales for foreign currencies: Exports under Title I of P. L. 480 and Section 402 of the Mutual Security Act accounted for about 67 percent of government assisted exports, including CCC credits sales and Export-Import Bank loans, and 25 percent of total agricultural exports in 1958 (table 1). Authority to conclude agreements under Title I expired on June 30, 1958 and was not renewed until September 6, 1958, when Public Law 480 was amended by increasing Title I authority from 4.0 billion dollars to 6.25 billion dollars and extending the termination date from June 30, 1958 to December 31, 1959. Title I exports in calendar 1958 were about the same as in the previous year but 17 percent greater than in 1956.

Famine relief and donations: Title II of P. L. 480 gives the International Cooperation Administration responsibility for distributing up to 800 million dollars in commodities from CCC stocks to help friendly nations meet famine relief needs. Shipments totaling 84 million dollars, valued at cost to CCC, in U. S. farm products were made for this purpose in 1958. Title III of Public Law 480 provides, among other things, for CCC donations to private welfare agencies for overseas distribution to needy persons. These donations are distributed by American private welfare agencies, the United Nations Children's Fund and the United Nations Relief and Works Agency for Palestine Refugees. In 1958, the estimated export value of donations of surplus food dispensed abroad under P. L. 480, Title III totaled 162 million dollars. Dairy products, wheat and wheat flour have accounted for over three-fourths of total exports under those programs. Along with foreign assistance, Title III of P. L. 480 provides for domestic donations to persons in need, and stipulates that foreign donations may be authorized only after domestic requirements have been met.

Barter: Title III of P. L. 480 also provides for the barter of CCC-owned commodities for strategic materials. Agricultural shipments for barter totaled 65 million dollars during calendar year 1958, substantially below the previous year because of more stringent requirements imposed on contractors. Between May 1957 and November 1958, barter contractors were required to obtain "certificates of additionality", showing that the agricultural commodities they shipped under barter would be a net addition to United States exports. The program was modified in late 1958 with the establishment of a classification system for eligible commodities and countries. These classifications indicated for each commodity the degree of potentiality as a dollar sale and for each country the degree of potentiality as a dollar market.

CCC Export Credit Sales: Under its credit sales program, the CCC defers payment by U. S. exporters, for periods up to 36 months, on purchases of commodities in CCC inventory and tobacco under CCC loan. The CCC requires a guarantee of payment, plus interest, from a bank in the United States. The annual interest rate, announced periodically, varies with the length of the

Table 4.--United States agricultural exports under Government-financed programs, calendar years 1957 and 1958 ^{1/}

Item	Wheat and flour	Coarse grains 2/	Milled rice	Cotton, excluding linters	Tobacco, unmfrd.	Fats and oils 3/	Dairy products 4/	Total including other
	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars
Public Law 480								
Title I, Sales for Foreign currency								
1957	349.0	24.5	70.3	155.8	25.7	98.9	8.2	763.5
1958	335.8	84.5	31.6	115.3	28.6	119.9	21.0	752.4
Title II, Famine and emergency relief								
1957	34.3	11.3	2.0	5.1	---	5/	18.3	71.3
1958	55.6	15.7	5.1	0.9	---	5/	6.2	83.5
Title III, Foreign donations								
1957	35.6	14.3	6.5	---	---	---	106.9	165.8
1958	50.1	15.1	1.7	---	---	---	95.2	162.1
Title III, Barter								
1957	36.7	73.5	0.7	123.0	---	1.7	0.1	243.9
1958	16.8	14.1	5.6	21.5	0.4	1.7	1.6	65.1
Mutual Security								
1957	106.8	32.6	---	103.1	---	33.4	23.4	317.9
1958	40.6	4.5	1.1	126.4	1.5	24.4	11.2	214.0
Total Above 6/								
1957	562.4	156.2	79.5	387.0	25.7	134.0	156.9	1,562.4
1958	498.9	133.9	45.1	264.1	30.5	146.0	135.2	1,277.1
Total agricultural exports ^{7/}								
1957	887.6	362.6	130.1	1,048.3	359.1	617.4	212.1	4,505.3
1958	733.0	480.5	98.6	656.1	354.4	490.9	185.3	3,855.6

^{1/} Data on specific programs are based on reported shipments under Public Law 480, and expenditures under the Mutual Security Act. Data for 1958 are preliminary. Because of differences in reporting periods, and in valuation procedures exports under the specific programs are not strictly comparable to official export statistics. Data for total agricultural exports include estimated value of donations under Section 416 of the Agricultural Act of 1949 (Sec. 302, Title III, P.L. 480). ^{2/} Includes corn, meal and flour; barley and malt; oats and oatmeal and grain sorghums. ^{3/} Includes lard, tallow, soybeans, cottonseed, flaxseed, peanuts and oils. ^{4/} Includes evaporated and condensed milk, whole and nonfat dried milk, anhydrous milk fat, ghee, cheese, butter and butter oil, and infants and dietetic foods. ^{5/} Less than \$50 thousand. ^{6/} Excludes CCC export sales and sales under the International Wheat Agreement, unless exported under the special programs. ^{7/} Includes only those commodities which have exports under the special government programs.

Foreign Agriculture Service.

loan. March 1959 interest rates are 3-7/8 percent, 4-3/8 percent and 4-7/8 percent for loans up to 6 months, between 6 and 18 months, and over 18 months, respectively. Shipments totaling 25 million dollars were financed in 1958 through the credit sales program.

Export-Import Bank Loans: To help make U. S. farm products more readily saleable abroad, the Export-Import Bank extends loans for periods of 6 months to 1 year, or longer under special circumstances, to financial institutions abroad or foreign importers obtaining a guarantee from such institutions. In 1958, the Export-Import Bank financed an estimated 135 million dollars in agricultural exports, principally cotton, wheat and soybeans. Exports under this program and the CCC Credit sales program are not shown separately on table 4 because a commodity break-down is not available.

LIVESTOCK AND MEAT

Hog producers in 9 of the Corn Belt States reported in early March that 12 percent more sows farrowed in December-February than a year earlier and that they expected to boost March-May farrowings by 9 percent and June-August by 9 percent. The report tends to confirm the prospect that the 1959 spring crop will be up about 13 percent as planned in December. However, it indicated a slightly higher percent to be late farrowings than was planned earlier. Hog slaughter will continue at a higher rate than last year throughout 1959. The 1958 fall pig crop, now coming to market, was 17 percent larger than the 1957 fall crop.

The larger numbers of cattle and sheep on hand January 1 will result in only moderate increases in slaughter in 1959. Cattle slaughter this year may rise a little because of larger fed cattle marketings. Cow slaughter will likely continue at a reduced rate this year. More heifers and heifer calves will be retained for breeding, and many steer calves will be held until next year.

Sheep and lamb slaughter so far this year has been sharply above a year earlier due to large inventories of lambs headed for early slaughter, including 7 percent more on feed. Slaughter the rest of the year will probably total close to or only a little larger than these months in 1958.

Cattle prices currently average about as high as a year ago. Early in March prices for feeder cattle and the lower grades of slaughter cattle were \$1.00 to \$3.00 per 100 pounds above a year before but Choice and Prime grades were equally as much below. Fed cattle prices are expected to be relatively stable for several months. Later, probably around mid-summer, they may rise seasonally. Prices of stockers and feeders will remain strong during the spring and perhaps throughout the year. Lamb prices are also expected to increase to a season's high this spring and may be close to last year's prices at that time. Hog prices likely will hold near early March levels for several weeks before beginning a late-spring rise. Prices will be well below 1958 prices throughout the year.

DAIRY PRODUCTS

Prices for dairy products in 1959 will be near the average of last year. Prices to farmers for milk and butterfat will be supported at the same dollars and cents level as a year earlier during the marketing year starting April 1. In 1958-59 the manufacturing milk price averaged about \$3.17 per hundredweight compared with the announced support level of \$3.06. The parity equivalent prices for manufacturing milk declined somewhat in the last year, so that the support level for the marketing year starting April 1 is equivalent to about 77 percent of the parity price for March.

The volume of price support purchases of butter will likely be a little less in 1959-60 than in the marketing year now closing, and prices may exceed support levels for longer periods. This means that the average price received by farmers for all milk may show a slight increase over the \$4.13 average for the calendar year 1958. Feed prices currently are higher than those of a year earlier, so that the milk-feed price relationship is not quite as favorable as at this time last year. But it continues well above average for this time of year.

Production of milk for the first two months of 1959 was a little short of that of a year earlier. For the year as a whole, production likely will at least equal that of 1958, and may exceed it slightly. Factors tending to sustain output of milk are the decline in prices for hogs, probably some decline in feed prices in coming months, and the likelihood that prices for beef cattle will not increase as they did in 1958. The culling rate among dairy herds apparently was reduced during the second half of 1958.

Total consumption of dairy products per person from commercial sources reached a record low in 1958 despite a sizable rise in cheese consumption. Overall per capita consumption from commercial sources probably will be at least maintained in 1959, and for some items may increase slightly. With the rise in population, total commercial consumption of dairy products is likely to rise more than production. Consequently, a smaller quantity would be purchased for price support.

In the first 11 months of this marketing year CCC purchases of butter totaled 132 million pounds compared with 173 million a year earlier. Cheese purchases of 32 million pounds this year compare with 224 million a year earlier. The milk equivalent of these two was approximately 3 billion pounds compared with 5.7 billion in the first 11 months of 1957-58. Purchases of nonfat dry milk in this period totaled 638 million compared with 693 million a year earlier.

Stocks of all three products in Government possession are now at relatively low levels.

POULTRY AND EGGS

An increase in the 1959-60 laying flock over that of 1958-59 is indicated by farmers' intentions as the spring hatching season gets under way. In the intentions, the slight cut in numbers of chicks to be bought is offset by the higher proportion to be bought as pullets. The flock of potential layers is now larger than the year before because of the heavy "out-of-season" hatch in the last 5 months of 1958. As a consequence, if farmers buy as many chicks as planned, next season's laying flock will increase.

It is not yet clear whether farmers will carry out their intentions. Hatchings in February were 3 percent below last year and eggs in incubators March 1 were 2 percent below 1958. These figures indicate that so far farmers are buying fewer chicks than they originally intended. January-June replacement chick hatchings would have to be reduced about 5 percent from last year to avert an increase in the size of the 1959-60 laying flock.

Monthly egg production throughout 1959 is likely to exceed 1958, even if hatchings this spring are reduced as much as 5 percent from last spring. The March 1 laying flock was 3 percent larger than last year, and rate of lay so far has averaged 3 percent above 1958, with the greatest increase—almost 9 percent—occurring on March 1, the latest date reported. During the remainder of the year, rates of lay are likely to be above a year earlier. Flock size in late 1959 will be maintained by the relatively large hatch in late 1958, even if fewer replacement chicks are bought this spring.

Prices will continue below 1958 for some months because of the large supplies in prospect. If hatchings are up to intentions, egg prices will likely be below 1958 throughout the year. But they could rise to or above a year earlier by late 1959 if farmers raise substantially fewer chicks than indicated by their intentions or by hatchery activity to date. Increased demand resulting from population increases could offset small increases in production, so far as price effects are concerned.

The U. S. average price of eggs received by farmers in mid-February was 35.4 cents per dozen. Wholesale quotations since then have moved slightly downward. In 1958 the U. S. average egg price was 36.6 cents in February and rose to 40.8 cents in mid-March on account of storm conditions.

Broiler prices have fluctuated sharply since the lows of late 1958, when they were about 14 cents per pound in Southern producing areas. In mid-January they were 18 cents, the 1959 high to date, but in mid-March they were generally about 17 cents. Despite the small net price increase during this period when prices usually strengthen seasonally, chick placements were sharply ahead of last year, and egg settings in incubators in the 3 weeks ending March 14 were 19 percent above last year. U. S. average broiler prices at the farm in mid-February were 17.2 cents per pound, compared with the abnormally high price of 20.3 cents of February 1958.

Turkey prices have shown mixed trends in the last few months. Prices for frozen heavy toms have risen and were above those for hens in mid-March, while prices of hens and light-weight turkeys have weakened. At a 46-cent top in New York (wholesale) heavy toms in March 1959 were 2 cents above last year, but hens and Beltsvilles were 6-8 cents lower than 1958.

These trends reflect both the unusually large proportion of hens in storage holdings, and the large number of turkeys now growing, most of which are of breeds customarily slaughtered at relatively light weights. Turkey production in 1959 will probably be a record, exceeding both the 79 million birds raised in 1958 and the 81 million in 1957. Hatchings so far have been in excess of farmers' January intentions to grow 5 percent more birds.

OILSEEDS, FATS AND OILS

Record supplies of soybeans will be available the rest of the marketing year but crushings are at a record rate and exports are running somewhat above last year. Current prospects indicate farm prices will move up to around the loan level of \$2.09 per bushel this spring. They edged up from a low of \$1.89 per bushel last October to \$2.05 in February. CCC sales policy with respect to the record volume of beans expected to be acquired on May 31 should help boost prices a little above the loan level until new crop beans become available. The 1959 crop soybeans will be supported at \$1.85 per bushel, 24 cents below last year.

Soybean crushing in October-February 1958-59 is estimated at around 171 million bushels, roughly 27 million above a year earlier. The heavy crush is being stimulated by the strong domestic demand for high protein feeds and edible oils. Crushings for the entire 1958-59 season probably will set a new record of around 400 million bushels compared with 354 million last year.

Exports of soybeans are running ahead of last year's rate and probably will reach a record of at least 90 million bushels. Shipments the last two seasons totaled about 85 million bushels. Our best customers continue to be Western Europe, Japan and Canada where demand is strong for the protein as well as the oil contained in the beans.

Based on the above estimates of crushings and exports, the carryover of soybeans on October 1, 1959 would rise to approximately 75 million bushels, 55 million above a year earlier. This would represent about two months crush at current levels. Virtually all of the carryover of old crop beans will be in the hands of CCC unless new crop prospects are unfavorable. Stocks of beans in commercial hands will be reduced to a minimum because of the 24 cents drop in the 1959 soybean support price.

About 90 percent of the 1958 crop of cottonseed has been marketed. Crushings and oil output are running about 3 percent above last year. A similar increase is expected for the entire crop year.

Last fall farm prices for cottonseed in some areas of the Southwest dropped below support and CCC took over about 530,000 tons of seed. The oil delivered to CCC from the seed amounted to approximately 180 million pounds (crude basis), about 12 percent of the estimated 1958-59 output. This oil is being offered for domestic and export sale.

Exports of cottonseed and soybean oils in 1958-59 are expected to reach a record 1,500 million pounds, 450 million more than last year and 20 percent over the previous high. The total will depend largely on the portion of the P. L. 480 program oil that is shipped prior to October 1, 1959. But it appears that between 1.1 and 1.2 billion pounds will move under this program this year compared with last year's record 690 million. The estimate for commercial shipments includes 100 million pounds of CCC cottonseed oil sales mostly to Germany.

Prices of lard have dropped more sharply than edible oils so far this marketing year. This mainly reflects the increase in lard production along with reduced export demand. Lard prices (tanks, loose, Chicago) declined from 11.6 cents per pound in October 1958 to 8.5 cents in February 1959 and in mid-March were 8.4 cents, about 3.0 cents under a year earlier. Last October lard was selling at a 1.4 cents per pound premium over soybean oil at mills but by mid-March it was selling at a 1.0 cent discount. The lower prices for lard this marketing year favors increased use in the manufacture of shortening. Lard prices during April-September 1959 are expected to average 3 to 4 cents lower than the 11.9 cents per pound a year earlier as the slaughter of hogs continues above last year.

FEED

Prices of feed grains have remained steady or advanced in recent weeks while prices of most byproduct feeds have declined. Prices of feed grains and a number of the byproduct feeds were in March near the levels of a year ago. The price of No. 3 Yellow corn at Chicago during early March averaged 10 to 12 cents above the seasonal low in October. Barley showed some increase during February but had declined by early March while prices of oats and sorghum grain were unchanged. Alfalfa meal and molasses are the only byproduct feeds that have not declined in price during recent weeks.

Feed price ratios for many livestock producers have been favorable during the past months. Prices for hogs, beef cattle and dairy products have been high in relation to feed prices while those for eggs have been about average. Farm chicken and broiler prices continue below average relative to the cost of poultry ration.

Through February 28, farmers had placed the following amounts of feed grains under price support: Corn, 302 million bushels; sorghum grain, 276 million; barley, 107 million and oats, 84 million. More 1958 corn than 1957 corn was eligible for price support because of lower moisture content. The last date that corn can be put under support is May 31. Deadlines for the other feed grains have passed.

Farmers will plant about 84 million acres of corn in 1959, 12 percent more than in 1958, if they carry out their March 1 planting intentions. Prospective plantings of barley in 1959 are above 1958 by about 5 percent while reductions in acreage of 6 percent and 3 percent are in prospect for oats and sorghums. Total feed grain production, based on 1954-58 average yields by States and March 1 planting intentions, would be 142 million tons. This would be 10 percent below the record production of 158 million tons in 1958 but about equal to the previous record production in 1957.

WHEAT

March 1 intentions indicate seedings of all spring wheat of 13.4 million acres, up 9 percent from the relatively low acreage seeded last year but still 28 percent below the 1948-57 average. If growers carry out their planting intentions and yields per planted acre this year about equal the 1956-58 average, an all spring wheat crop of 253 million bushels would be produced. Based on conditions as of December 1, 1958, a winter wheat crop of 957 million bushels was forecast for 1959. Survival of the crop to date appears generally good. These two figures add to a possible all wheat crop of 1,210 million bushels, compared with the record all wheat production of 1,462 million bushels in 1958.

On the basis of total disappearance of about a billion bushels in 1959-60, the carryover July 1, 1960 would be increased over 150 million bushels.

Cash wheat prices are at or near the high for the season to date. Wheat prices received by farmers in mid-February averaged \$1.74 per bushel, the highest level of the season to date. This was 3 cents above a month earlier, but 18 cents below a year earlier reflecting an 18 cent difference in the support rate. On March 23, prices at terminal were generally unchanged from mid-February levels, although hard red winter prices at Kansas City were up 5 cents.

As of February 28, 607 million bushels of 1958-crop wheat were under the price support program. This included 408 million bushels warehouse stored, 151 million farm stored and 48 million purchase agreements. Through January 31, farmers had repaid loans on 1958-crop wheat amounting to 42 million bushels. Largest quantity previously pledged for support was 557 million bushels in 1953. In that year, 486 million bushels, including purchase agreement wheat, were delivered to CCC. In addition to 1958-crop wheat under support, farmers had 13.6 million bushels under 1957-crop resale and 2.8 million under 1956-crop extended resale.

Stocks of wheat in all positions on January 1 totaled 1,816 million bushels. They were the largest of record for that date, almost a third larger than a year earlier and 59 percent above average. Of the total stocks, CCC owned 774 million bushels.

Supplies for 1958-59 estimated at 2,352 million bushels (July 1, 1958 carryover of 881 million, production of 1,462 million and imports of 9 million), domestic disappearance at about 620 million and exports at 450 million bushels would leave a carryover of about 1,280 million bushels. Exports of wheat, including flour, July-February totaled about 280 million bushels compared with 257 million in the same period a year earlier.

FRUIT

Considerably larger supplies of citrus fruits than a year earlier remained to be marketed after March 1, 1959 in all principal producing States. Both shipping-point and terminal-auction prices for Florida oranges during February and early March tended to increase, though fluctuating around the levels of this period in 1958. Auction prices for California oranges also increased, but were moderately below the relatively high prices of a year earlier. Prices for Florida oranges for making frozen concentrate also increased considerably during February, and in early March averaged about $1\frac{1}{2}$ times a year earlier.

Marketings in Florida shift from early and midseason oranges to Valencias in February and March. Fresh market shipments of Valencias will become seasonally heavy during March but movement to processors probably will not become heavy until April. Demand for oranges for both fresh market shipment and for processing is expected to continue strong this spring, but prices are not likely to reach the unusually high levels of the spring of 1958, when supplies were short and the season in Florida ended much earlier than usual.

Shipping-point prices for Florida grapefruit held fairly steady during February and early March at levels moderately under a year earlier. Prices probably will continue below those of last year, when they increased sharply during spring.

Output of Florida frozen orange concentrate during February surpassed that of a year earlier, and by March 1 the pack was about 9 percent above the year-earlier level. Packers' stocks on March 1 were down about 5 percent from a year earlier. Except for tangerine juice, the Florida packs of canned single-strength citrus juices continued to lag behind 1958, and total stocks also continued much smaller.

On March 1, 1959, cold-storage stocks of apples were somewhat larger, and of pears somewhat smaller, than comparable stocks a year earlier. For apples, a small decrease in the western States was much more than offset by a large increase in the central and eastern States. Moreover, the latter included increased stocks in controlled atmosphere storage, an increasingly important factor influencing sales during spring. During early March, shipping-point prices for western apples of good quality and condition averaged higher than a year earlier, while prices of eastern apples generally averaged lower. With increased sales, the combined auction prices for all winter pears in early March averaged a little under a year earlier.

Production of strawberries in the early spring States (Louisiana, Alabama and Texas) is expected to be about 26 percent larger than in 1958 though 9 percent below average. Movement of berries from these States is expected to start about mid-March and become relatively heavy in April. Prospective acreage in the mid-spring and late-spring States, which grow most of the annual crop, is somewhat smaller than the acreage harvested in 1958.

COMMERCIAL VEGETABLES

For Fresh Market

Production of winter vegetables was estimated in early March at 28.8 million hundredweight, only 3 percent more than last winter and 7 percent below the 1949-57 average. However, output of several important tender vegetables such as snap beans, green peppers and sweet corn have been substantially larger this winter than last. With a somewhat better balance in types of items available, prices for fresh vegetables both at the farm and retail levels have averaged much below the high levels of a year earlier.

Production estimates are currently available for only a few vegetables for spring harvest. Production of spring shallots is expected to be 12 percent larger than last year, but about a fourth below the 1949-57 average. Although acreage of spring carrots is up about 8 percent from last year, 1954-58 average yields would result in a moderately smaller production.

Among vegetables for early spring harvest, production of asparagus promises to be slightly larger than last spring, broccoli and lettuce moderately larger and cauliflower much larger. Output of each of these items is also expected to be materially above average. However, a 30 percent reduction from last year is indicated in early spring onions. Cloudy, rainy weather in most of the Texas vegetable producing area hindered cultivation and spraying in many onion fields. This resulted in heavy blight and reduced yield prospects. Acreage of early spring cabbage is down very slightly from last year, and tomato acreage is down 12 percent. Yields near the average of recent years on the indicated acreage would result in a little more cabbage than a year earlier, but materially less tomatoes.

Among late spring crops, indicated acreage of asparagus is down 1 percent from last year, prospective acreage of cabbage down 4 percent, and onions and watermelons down 10 percent. March intentions reports indicate that growers plan to plant about 2 percent less acreage of onions for early summer harvest than last year, but 12 percent more for late summer harvest.

For Commercial Processing

Supplies of canned vegetables appear to be moderately larger than a year ago and materially above the 1949-57 average. Smaller supplies of asparagus, lima beans, and sweet corn are more than offset by larger supplies of snap beans, green peas, and tomatoes and most tomato products. March 1 stocks of

frozen vegetables were slightly smaller than those of a year earlier. Because of heavier carryover stocks of canned vegetables at the end of the current season, processors are expected to aim for a smaller pack in 1959. Early reports indicate nearly 71,000 tons of winter and early spring spinach for processing, 75 percent more than the short crop of 1958. Reports on March 1 indicate that growers plan to plant 9 percent less acreage of peas for processing than last year. The acreage indicated for canning is down 17 percent from last year, while intended acreage for freezing is up 13 percent. Growers also indicated intentions to plant 14 percent less acreage of tomatoes for processing. Near average yields on the indicated acreage would result in substantially less peas and tomatoes than last year.

POTATOES AND SWEETPOTATOES

Growers planted about 21 percent less acreage to early spring potatoes this year than last, and about 15 percent less acreage to the late spring crop. Yields near the average of recent years on the indicated acreage would result in substantially less production in both early and late spring. Although larger stocks of old crop potatoes are on hand--58 million hundredweight on March 1 compared with 52 million a year ago--total supplies available during the next 2 months are likely to be only moderately above those of both a year earlier and the 1950-57 average. Over the next 6-8 weeks, prices received by farmers may show some improvement from the low levels of the past several months, but are expected to average considerably below those of a year earlier. Large quantities of potatoes are being moved under the diversion program. Through March 14, 19.6 million hundredweight of 1958 fall crop potatoes had been diverted, compared with 11.9 million a year earlier. Last year the fall crop program was terminated March 15. The current program is scheduled to expire April 30.

During January, February and early March unloads of sweetpotatoes in the 39 markets have been averaging somewhat larger than those of a year earlier and prices have averaged materially lower. Reports of intentions indicate that farmers plan to plant a 1 percent larger acreage of sweetpotatoes this year than last. The intended acreage, with 1954-58 average yields by States, would result in about 6 percent less production than in 1958, and 16 percent less than the 1949-57 average.

DRY BEANS AND PEAS

Supplies of dry edible beans are somewhat larger than a year earlier. Prices received by farmers in mid-February averaged \$6.87 per hundredweight compared with \$7.63 in mid-February, 1958. Although indications are that both domestic and foreign demand are likely to remain active, prices during the next few months are expected to continue below those of a year earlier. The support price for the 1959 crop of dry edible beans has been set at a national average of \$5.35 per hundredweight (basis U. S. No. 1 beans), 83 cents lower than the support rate for the 1958 crop. Growers report intentions to plant 1 percent more acres of dry beans this year than last. Yields near the 1954-58 average, on the indicated acreage, would result in a 1959 production only 3 percent smaller than the large crop of last year.

Supplies of dry peas continue light and prices relatively high. March 1 reports indicate that farmers plan to plant 37 percent more acreage than last year. Yields near the 1954-58 average, on the indicated acreage, would result in a production 36 percent larger than that of 1958, and 6 percent above the 1948-57 average.

COTTON

Domestic mills consumed 4.9 million bales of cotton from August 1, 1958 through February 28, 1959, about 80,000 bales more than during the first 7 months of the previous season. If consumption continues at the August-February rate, allowing for seasonal changes, the year's total would be $8\frac{1}{2}$ million bales, a quarter million above the previous estimate of $8\frac{1}{4}$ million bales. On the other hand, August-January exports totaled only 1.4 million bales, about half as much as during the comparable 6 months last year. If exports continue at the current rate, the total for the 1958-59 season will fall below previous estimates.

The current rates of domestic consumption and export indicate no substantial change in the carryover on August 1.

As of March 13, 1959, 6.7 million bales of the 1958 crop cotton had been placed under loan. Allowing for withdrawals, net stocks totaled $6\frac{1}{2}$ million bales. This was a record 59 percent of the 1958 crop, reported by the Bureau of the Census on March 20 at 11.4 million running bales. Loan entries in recent weeks have been relatively small and withdrawals have picked up some. However, purchases on the 14 spot markets, estimated at about $5\frac{1}{2}$ million bales, remain 3 million bales under the total thus far last year.

Reflecting this low rate of purchases, average prices on the 14 spot markets have remained somewhat below last year. On March 14 they were equal to 34.34 cents per pound for Middling-inch compared with an average price of 34.50 cents on these markets a year earlier.

The February price received by farmers for upland cotton was 28.27 cents, about the same as in January, but 3.40 cents above February 1958. Last year, prices dropped sharply from January to February.

The mid-February price received by farmers for American-Egyptian cotton was 47.70 cents per pound. Farm prices as well as market prices reflect continued weakness in the demand for this type of cotton. Consumption of American-Egyptian cotton is currently running at a rate approximately 20 percent below last year and more than half of the 1958 crop has been placed under loan. The minimum price support for the 1959 crop of extra-long staple cotton will average 52.91 cents per pound, net weight, compared with 53.95 cents per pound for the 1958 crop. As in 1958, the price support level for extra-long staple cotton reflects 65 percent of parity. The February 1959 parity price was 81.40 cents. If 60 percent of the August 1, 1959 parity price exceeds the announced minimum the level of support will be increased accordingly.

Farmers with base allotments totalling 2.6 million acres had adopted Choice B by the March 16 deadline. This raised their allotments 40 percent to 3.6 million acres and raised the national upland cotton allotment from 16.3 to 17.3 million. Nearly 600,000 acres of this allotment are in the Soil Bank conservation reserve, leaving 16.7 million acres which may be planted to cotton this year. Last year 12.6 million acres of the 17.6 million acre national allotment were planted and the remaining 5 million placed in the Soil Bank.

WOOL

Domestic wool production in 1958 totaled 271 million pounds, grease basis. This was 2.1 million pounds or 1 percent above the 1957 output. A 2-percent increase in shorn wool was partly offset by lower pulled wool output.

The value of shorn wool produced in 1958 is estimated at 89 million dollars compared with 126 million in 1957. The difference reflects sharply lower prices received by farmers for the 1958 clip. The weighted average for the first 10 months of the 1958-59 season was 36.9 cents per pound compared with the average price for the previous season of 53.7 cents. The average price in February 1959, at 35.1 cents per pound, was 8.5 cents lower than a year earlier, and 0.5 cents below January 1959. These figures exclude incentive payments under the National Wool Act of 1954 which, it is estimated, may total 75 million dollars compared with total payments under the Act of 47 million dollars for the 1957-58 marketing year.

The low level of domestic prices reflected reduced activity in textile mills both here and abroad. A near record world wool supply in 1958-59 included an output of 2,950 million pounds, clean basis and a 95 million pound increase in beginning stocks. World consumption of wool last year is estimated at 2,774 million pounds, clean basis about 6 percent below the record level of 1957.

Consumption of apparel and carpet wool in the United States began to pick up during the first half of 1958 and then leveled off. The 1958 total of 336 million pounds, scoured basis, was about 9 percent below 1957. Both carpet and apparel wool use declined for the second successive year. Use of apparel wool was the lowest since 1934. On a per capita basis, it was the lowest on record back to 1918. Use of carpet wool was the lowest since 1954. By January 1959 consumption of both was substantially above a year earlier. The weekly average rate of fiber consumption on the woolen and worsted systems in January was 25 percent above the December rate and 40 percent above that of January 1958. The rate of consumption of carpet class wool was 27 percent above consumption during the preceding month and 79 percent above the January 1958 rate. Since late 1958, indications are that foreign consumption may also have begun to improve.

During 1958 a decline of 11 million pounds in imports of dutiable wool for consumption, offset an increase of 2 million pounds in imports of duty-free wool. Imports of all kinds, clean basis, totaled 190 million pounds. If as expected, domestic mill consumption continues to show gains during 1959, imports may also be expected to increase.

TOBACCO

Marketings of 1958 crop tobacco, except for Maryland and Puerto Rican crops, have been largely completed. Prices of flue-cured, burley, dark air- and sun-cured and one type of fire-cured all averaged higher than in any previous season. Prices of most other types were above 1957 levels though exceeded in some other earlier years.

Auctions for 1958 Maryland tobacco are scheduled to open April 28. The Government support level is 50.8 cents per pound--6 percent more than for the 1957 crop. The average price for the 1957 crop marketed in the spring and summer of 1958 was 45.2 cents per pound. About 15 percent of the 1957 crop went under Government loan. In a referendum held February 24, 64 percent of the growers who voted were in favor of continuing a marketing quota on their 1959 production, slightly less than the two-thirds vote required by law to place a quota in effect. Since a marketing quota and acreage allotments will not be in effect on this year's crop, it will not be eligible for price support when marketed in the spring and summer of 1960. Another referendum will be held next year in which Maryland growers will vote with respect to quotas for the 1960, 1961 and 1962 crops.

The total supply of Maryland tobacco is about 3 percent less than a year ago and 7 percent below the peak level of 4 years ago. According to farmers' intentions as of March 1, 38,000 acres will be grown this year--12 percent more than in 1958.

In other separate referendums held for flue-cured last December 15 and for burley and Virginia sun-cured on February 24, growers approved marketing quotas on their next 3 crops by heavy majorities. Growers of Pennsylvania cigar filler (type 41) rejected quotas by a heavy majority as has been the case in all previous referendums on this kind of tobacco.

According to the March 1 report on prospective acreage for 1959, the indicated acreage of flue-cured at 698,300 is about 9 percent greater than 1958 harvested acreage but 28 percent smaller than the 1954-56 average. Total acreage for allotments is unchanged for all kinds compared with 1958. However, intended acreages for practically all types are larger because the Soil Bank Acreage Reserve Program has been discontinued.

The 1959 acreage indicated for burley is 304,400--up a little from 1958. Most farm allotments for burley have been unchanged since the sharp cut in 1955.

The March 1 intended acreage for fire-cured and dark air-cured tobacco were 19 and 17 percent more than harvested last year. Allotments for 1959 are practically the same as for 1958.

Indicated 1959 acreage for cigar binder in the Connecticut Valley is 19 percent larger than the very small acreage harvested in 1958. Over two-thirds of the total acreage allotment for Connecticut Valley binder was placed in the Soil Bank last year. The March 1 intended acreage for the Wisconsin binder types is 8 percent above 1958.

Ohio cigar filler acreage this year is indicated at 43 percent above last year's small acreage and Pennsylvania filler acreage may be up 3 percent.

The March 1 intended acreage for shade-grown wrapper in the Connecticut Valley and Georgia-Florida are 1 and 10 percent larger than last year's harvested acreage.

The consumption of cigarettes, cigars and cigarillos, which increased significantly in 1958, probably will continue to increase during 1959. The consumption of smoking tobacco made a considerable gain in 1958--the first increase in 9 years. As much of an increase this year as last seems unlikely.

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